UNITED STATES BANKRUPTCY COURT

SOUTHERN DISTRICT OF NEW YORK

In re:	Chapter 11 Case No.
Lehman Brothers Holdings Inc., et al.,	08-13555
Debtors.	

2012+ CASH FLOW ESTIMATES

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REPORT PREPARER:	LEHMAN BROTHERS HOLDINGS INC., AS PLAN ADMINISTRATOR

Date: July 25, 2012

Indicate if this is an amended statement by checking here: AMENDED STATEMENT ☐

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SCHEDULE OF DEBTORS

The following entities (the "Debtors") filed for bankruptcy in the United States Bankruptcy Court for the Southern District of New York (the "Bankruptcy Court"). On December 6, 2011, the Bankruptcy Court confirmed the Modified Third Amended Joint Chapter 11 Plan of Lehman Brothers Holdings Inc. and its Affiliated Debtors (the "Plan"). On March 6, 2012, the "Effective Date" (as defined in the Plan) occurred. The Debtors' Chapter 11 cases remain open as of the date hereof.

	Case No.	Date Filed
Lehman Brothers Holdings Inc. ("LBHI")	08-13555	9/15/2008
LB 745 LLC	08-13600	9/16/2008
PAMI Statler Arms LLC	08-13664	9/23/2008
Lehman Brothers Commodity Services Inc. ("LBCS")	08-13885	10/3/2008
Lehman Brothers Special Financing Inc. ("LBSF")	08-13888	10/3/2008
Lehman Brothers OTC Derivatives Inc. ("LOTC")	08-13893	10/3/2008
Lehman Brothers Derivative Products Inc. ("LBDP")	08-13899	10/5/2008
Lehman Commercial Paper Inc. ("LCPI")	08-13900	10/5/2008
Lehman Brothers Commercial Corporation ("LBCC")	08-13901	10/5/2008
Lehman Brothers Financial Products Inc.("LBFP")	08-13902	10/5/2008
Lehman Scottish Finance L.P.	08-13904	10/5/2008
CES Aviation LLC	08-13905	10/5/2008
CES Aviation V LLC	08-13906	10/5/2008
CES Aviation IX LLC	08-13907	10/5/2008
East Dover Limited	08-13908	10/5/2008
Luxembourg Residential Properties Loan Finance S.a.r.l	09-10108	1/7/2009
BNC Mortgage LLC	09-10137	1/9/2009
LB Rose Ranch LLC	09-10560	2/9/2009
Structured Asset Securities Corporation	09-10558	2/9/2009
LB 2080 Kalakaua Owners LLC	09-12516	4/23/2009
Merit LLC ("Merit")	09-17331	12/14/2009
LB Somerset LLC ("LBS")	09-17503	12/22/2009
LB Preferred Somerset LLC ("LBPS")	09-17505	12/22/2009

The Company has established an email address to receive questions from readers regarding this presentation. The Company plans to review questions received and for those subjects which the Company determines a response would not (i) violate a confidentiality provision, (ii) place the Company in a competitive or negotiation disadvantage, or (iii) be unduly burdensome, the Company shall endeavor to post a response (maintaining the anonymity of the question origination) on the Epiq website maintained for the Company, www.lehman-docket.com. The Company assumes no obligation to respond to e-mail inquiries. Please provide questions in clear language with document references, and email to QUESTIONS@lehmanholdings.com.

NOTES TO THE 2012+ CASH FLOW ESTIMATES

Basis of Presentation

The information and data included in the cash flow estimates compiled in July 2012 and notes thereto (the "2012+ Cash Flow Estimates") include estimates derived from sources available to Lehman Brothers Holdings Inc., as Plan Administrator ("LBHI") and its Controlled Entities (collectively, the "Company"). The term "Controlled Entities" refers to those entities that are directly or indirectly controlled by LBHI, and excludes, among others, those entities that are under separate administrations in the United States or abroad. A "Debtor-Controlled Entity" is a non-Debtor affiliate of the Debtors that is managed and controlled by a Debtor.

The 2012+ Cash Flow Estimates were prepared to update the cash flow estimates presented in Exhibit 7 ("DS Exhibit 7") to the Disclosure Statement for the Third Amended Joint Chapter 11 Plan, filed August 31, 2011 (the "Disclosure Statement"). While this update is not required at this time by the Third Amended Joint Chapter 11 Plan, filed August 31, 2011 ("Plan"), the Company believes it will enhance the relevance of future disclosures, including the requirement of section 15.6(b)(ii) of the Plan (the MD&A to accompany quarterly balance sheet filings to be filed on or before July 30, 2012). In addition, since the financial information contained in DS Exhibit 7 was compiled prior to the filing of the Disclosure Statement on June 30, 2011, the Company believes it timely to update that information to reflect both actual activity that occurred since DS Exhibit 7 and more current assumptions about future net inflows. While the Company anticipates publishing updates of cash estimates (in accordance with section 15.6(c) of the Plan), the Company assumes no obligation to update the 2012+ Cash Flow Estimates or any forward-looking statements, or to provide reasons actual results differ from those provided in any forward-looking statements, even if new information becomes available in the future.

The 2012+ Cash Flow Estimates are based on estimated undiscounted cash flows from assets managed in an orderly wind down and/or sale (and related costs of operations) over the period from January 1, 2012 through the estimated end of Company activities (the "Estimate Period"). Estimated cash flows which occur in the years 2016 and thereafter (and related costs of operations) are presented in the "Beyond 2015" column at an assumed present value as of December 31, 2016. The Company may realize cash flows from certain assets in advance of the timing in the 2012+ Cash Flow Estimates, either opportunistically as in the case of an early sale or strategic alternative that the Company may deploy, or as a function of factors out of the Company's control, as in the case of loan refinancings. Such earlier monetization of assets may result in a reduction of total nominal cash flows estimated over the Estimate Period (*e.g.*, forgone interest or dividends, or simply achieving a lower value), but may accelerate funds available for distributions to creditors while mitigating risk of a longer holding period. Alternatively, the Company may realize cash flows from certain assets in periods later than the timing reflected in the 2012+ Cash Flow Estimates, and possibly at higher or lower values.

The 2012+ Cash Flow Estimates include actual collections of recoveries from litigation of $1.1 billion received through June 30, 2012, but exclude any estimates of potential future litigation receipts. This is consistent with DS Exhibit 7 which did not include estimated amounts for litigation settlements. In addition, the 2012+ Cash Flow Estimates include an estimate of $7.6 billion of recoveries from Non-Controlled Affiliates (including $2.0 billion of collections received through June 30, 2012), but exclude estimates of recoveries from Non-Controlled Affiliates with which the Company does not have an executed settlement agreement (with the exception of estimated recoveries included separately in "Other Assets" on certain customer claims against Lehman Brothers Inc. ("LBI"), which as reported by LBI in their Seventh Interim report filed April 20, 2012 have been allowed). DS Exhibit 7 did not include any recoveries from Non-Controlled Affiliates, although Exhibit 4 to the Disclosure Statement included $4.2 billion of such amounts in the recovery analytics presented therein.

The 2012+ Cash Flow Estimates are presented before deducting payments and distributions by Debtors for (i) secured claims including a $651 million 2012 payment to Lehman Brothers Bankhaus AG (in Insolvenz) ("Bankhaus") out of certain swap proceeds that secured Bankhaus' claim against LBSF, (ii) priority claims, (iii) unsecured claims disbursements of approximately $22.5 billion (including approximately $8 billion distributed to other Debtors or Debtor-Controlled Entities) that were made in April 2012, (iv) payments made to Non-Controlled Affiliates by Debtor-Controlled Entities of approximately $560 million as of June 30, 2012, and (v) unsecured priority tax claims that the Company has estimated of approximately $1.6 billion as reported in the Balance Sheets as of December 31, 2011 and Accompanying Schedules filed April 27, 2012 (the

"2011 Balance Sheets"). Further, the 2012+ Cash Flow Estimates do not reflect estimated intercompany recoveries between and among Debtors and Debtor-Controlled Entities including (i) payments on pre-petition intercompany claims, (ii) equity distributions, or (iii) intercompany post-petition administrative claims.

Certain classifications utilized in the 2012+ Cash Flow Estimates differ from prior report classifications; accordingly, amounts may not be comparable. For purposes of comparing the 2012+ Cash Flow Estimates to DS Exhibit 7, certain adjustments have been made and are presented in the tables herein. Certain items presented in the 2012+ Cash Flow Estimates may be accounted for differently in future reports.

This report contains forward-looking statements that involve known and unknown risks, uncertainties and other factors which may cause the Company's actual results, performance or achievements to be materially different from any future results, performances or achievements expressed or implied by these forward-looking statements. All statements other than statements of historical fact are statements that could be deemed forward-looking statements, including all statements containing information regarding the intent, belief or current expectation of the Company and members of its management. Forward-looking statements reflect the Company's current views with respect to future events as well as various estimates, assumptions and comparisons based on available information, many of which are subject to risks and uncertainties. Readers of this report should not place undue reliance on these forward-looking statements.

In preparing these 2012+ Cash Flow Estimates, the Company made various estimates and assumptions based on information available to the Company. The reader should read this report and the documents referenced herein (in particular, the 2011 Balance Sheets) completely and with the understanding that as more information becomes available to the Company, any forward-looking statements may change, potentially in a material respect. The Company does not undertake any obligation to update any forward-looking statements contained in this report, but reserves the right to do so.

In addition, material uncertainties continue to exist regarding the ultimate value realizable from the Company's assets, the timing of asset recoveries, future costs, and the eventual level of allowed creditors' claims. These may have a significant effect on the timing and quantum of any future distributions to creditors. Accordingly, creditors should not rely upon this report as the sole basis of an estimate of the value of their claims, or as a complete description of the Company, its business, condition (financial or otherwise), results of operations, prospects, assets or liabilities.

Presentation Differences as Compared to Disclosure Statement and Other Reports

Disclosure Statement

The 2012+ Cash Flow Estimates differ from "Cash Flow Estimates Through 2014" previously reported in DS Exhibit 7 generally as follows: (i) as a matter of presentation ("Presentation Adjustments"), whereby certain estimates are classified differently from DS Exhibit 7 but there is no resulting economic effect on the overall recoveries to the applicable legal entity (the net cash impact of which, if any, occurred in 2011 and is reflected in the respective 2011 Net Cash Collections (as defined) presented herein), (ii) as a result of changes to estimates, and (iii) as a result of incorporation of estimated recoveries from Non-Controlled Affiliates, which were previously included elsewhere in the Disclosure Statement. These differences are discussed in more detail in the "Financial Instruments and Other Assets" and the "Other Items" sections below. In addition, in the 2012+ Cash Flow Estimates, cash flows related to certain encumbered inventory (primarily related to Intercompany-Only Repurchase Transactions – see 2011 Balance Sheets) have been reflected at the legal entity that is the beneficial owner of such assets. In the Disclosure Statement, cash flow estimates for these assets were presented at the legal entity that held the asset on its balance sheet, with an offsetting post-petition intercompany payable to the beneficial owner (who had a post-petition intercompany receivable).

Balance Sheets

The presentation of estimates of asset monetizations in the 2012+ Cash Flow Estimates differs from the asset values reflected in the 2011 Balance Sheets. Assets are generally presented on a fair value basis in the Balance Sheets reflective of *discounted* cash flows, while the 2012+ Cash Flow Estimates are presented (relevant to expected amounts at the time of monetization) on an undiscounted basis, except as noted above for cash flows occurring subsequent to 2016. (A description of the manner in which assets are presented in the 2011 Balance Sheets is disclosed in the notes thereto.) Further, the 2012+ Cash Flow Estimates are presented at the Debtor that has the beneficial interest in such cash flows, rather than the legal entity on which

the assets are reported in the 2011 Balance Sheets. Refer to the "Reconciliation of the December 31, 2011 Balance Sheets to the 2012+ Cash Flow Estimates" section herein for further disclosure. Additionally, certain cash amounts are classified differently from the presentation herein.

Operating Report - Schedule of Cash Receipts and Disbursements
Amounts presented in the 2012+ Cash Flow Estimates may differ from the presentation of cash flows in the Company's Operating Report - Schedule of Cash Receipts and Disbursements ("Cash Operating Report"), due primarily to (i) the Cash Operating Report presenting amounts received and disbursed by legal entity, and the 2012+ Cash Flow Estimates reflecting economic ownership by beneficiary, and (ii) as a matter of presentation, whereby certain amounts are classified differently from the presentation herein.

Summary Comparison to Disclosure Statement

Total Estimates (2011 – "Beyond 2015") of Cash From Operations of $40.5 billion increased by $6.0 billion as compared to amounts presented in the Disclosure Statement (as adjusted) of $34.5 billion. The components of the increase are outlined in the table below and are described in more detail in subsequent sections of this report:

($ in billions)	Gross Receipts	Non-Op. Disbursements	Net Receipts	Operating Disbursements	Subtotal Cash From Operations	Non-Controlled Affiliates	TOTAL Cash From Operations
Per Disclosure Statement	**$ 35.5**	**$ (1.1)**	**$ 34.4**	**$ (2.2)**	**$ 32.2**	**$ 4.2**	**$ 36.4**
Presentation Adjustments: (a)							
2011 Notes Purchases - Alloc. of Cost (b)	-	(1.5)	(1.5)	-	(1.5)	-	(1.5)
Gross-up of Certain Non-Op. Disbursements (c)	0.8	(0.8)	-	-	-	-	-
Subrogated Claim Recoveries (d)	(0.6)	-	(0.6)	-	(0.6)	-	(0.6)
Other	0.2	(0.1)	0.2	-	0.2	-	0.2
Total Presentation Adjustments	$ 0.4	$ (2.3)	$ (1.9)	$ -	$ (1.9)	$ -	$ (1.9)
Disclosure Statement (as adjusted)	**$ 36.0**	**$ (3.4)**	**$ 32.5**	**$ (2.2)**	**$ 30.3**	**$ 4.2**	**$ 34.5**
Changes in Estimates:							
Litigation Receipts (e)	$ 1.1	$ -	$ 1.1	$ -	$ 1.1	$ -	$ 1.1
2012 Archstone ROFO Purchases at cost (f)	3.0	(3.0)	-	-	-	-	-
Market, Economic and Other Changes:							
Real Estate	1.3	0.4	1.6	-	1.6	-	1.6
Loans	(0.3)	(0.2)	(0.5)	-	(0.5)	-	(0.5)
PE/PI	(0.2)	0.0	(0.2)	-	(0.2)	-	(0.2)
Derivatives	0.8	-	0.8	-	0.8	-	0.8
Total Market, Economic and Other Changes	1.5	0.3	1.8	-	1.8	-	1.8
Non-Controlled Affiliates	-	-	-	-	-	3.5	3.5
SPV Note Purchases (Derivatives)	0.6	(0.6)	-	-	-	-	-
Operating Disbursements Increase	-	-	-	(0.5)	(0.5)	-	(0.5)
Other	0.2	(0.1)	0.1	-	0.1	-	0.1
Total Changes in Estimates	**6.4**	**(3.4)**	**3.0**	**(0.5)**	**2.5**	**3.5**	**6.0**
Total Estimates (2011- "Beyond 2015")	**$ 42.4**	**$ (6.9)**	**$ 35.5**	**$ (2.7)**	**$ 32.8**	**$ 7.6**	**$ 40.5**
2012+ Cash Flow Estimates	**$ 32.1**	**$ (3.9)**	**$ 28.2**	**$ (1.8)**	**$ 26.3**	**$ 7.6**	**$ 33.9**
2011 Net Cash Collections (g)	10.3	(2.9)	7.4	(0.8)	6.5	-	6.5
Total Estimates (2011- "Beyond 2015")	$ 42.4	$ (6.9)	$ 35.5	$ (2.7)	$ 32.8	$ 7.6	$ 40.5

Note: All amounts that are exactly zero are shown as "-". Amounts between zero and $500,000 appear as "0.0". Totals may not foot due to rounding.

(a) Presentation Adjustments do not change the economic recoveries at the respective legal entity and have been made to enable comparison of the 2012+ Cash Flow Estimates to amounts presented in DS Exhibit 7.

(b) The $1.5 billion combined purchase price related to LBHI's 2011 acquisition of the SASCO 2008-C2, Spruce and Verano mezzanine notes from Bankhaus [Docket No. 14743], and LCPI's purchase of the Pine Class A-1 notes from Barclays (together, the "2011 Notes Purchases") was previously included in the Disclosure Statement as an administrative claim (as notes had not yet been purchased). The 2011 Notes Purchases have been allocated to Commercial Real Estate ($0.8 billion), Loans (Corporate and Residential) ($0.6 billion), and PE/PI ($0.1 billion).

(c) Represents $0.8 billion of non-operating disbursements that were netted against gross receipts in DS Exhibit 7, as these cash flows relate to assets that were previously treated as though they collateralized certain securitization structures (*e.g*. Fenway commercial paper notes).

(d) Estimated recoveries of $0.6 billion of JPMorgan claims against LBSF which were subrogated to LBHI and LBCS were previously included as Gross Receipts in DS Exhibit 7, but are not reflected in the 2012+ Cash Flow Estimates herein, as they are claims against certain Debtors. Refer to Exhibit 4 in the Disclosure Statement, "Assumptions with Respect to Other Assets" section for additional disclosure. See "Other Assets" section herein for further discussion.

(e) Includes material litigation receipts of $1.1 billion relating to certain settlements with JPMorgan and Bank of America collected in 2012. There were no material settlement receipts in 2011. See "Other Assets" section herein for further discussion.

(f) Represents $3.0 billion related to the right of first offer ("ROFO") exercised by the Company in January 2012 (for $1.3 billion [Docket No. 23620]) and June 2012 (for $1.7 billion, including certain fees) to acquire certain ownership interests in the Archstone Trust ("Archstone") to achieve full control in the ownership. For presentation purposes, $3.0 billion of Gross Receipts associated with these acquisition payments are reflected on the Archstone ROFO line in the table above. See "Commercial Real Estate" section herein for further discussion.

(g) Reflects 2011 cash activity on the same basis as the 2012+ Cash Flow Estimates, ("2011 Net Cash Collections"), provided to enable comparison to DS Exhibit 7. 2011 Net Cash Collections do not include proceeds of $0.1 billion that are subject to allowed secured claims, and are before deducting (i) payments for liabilities paid to Non-Controlled Affiliates by Debtor- Controlled Entities of $0.1 billion, and (ii) payments made to NY State tax authorities of $0.1 billion. Amounts may differ from the cash flows presented in the Balance Sheets and Operating Reports-Schedule of Cash Receipts and Disbursements, as certain cash items are classified differently in those reports.

Cash and Investments

As presented in the table below, certain adjustments are required to enable a reconciliation of the consolidated cash balance reported in the 2011 Balance Sheets of $30.7 billion to the cash balance of $24.7 billion noted in DS Exhibit 7 on page 7-17 in footnote (3).

($ in millions)	Cash Balance
12/31/10 Adj. Cash (DS Exhibit 7)	**$ 24,707**
Presentation Adjustments:	
Receipts of Excess Cash at Trustee (a)	(331)
12/31/10 Cash Balance (As Reported)	**$ 24,376**
2011 Cash Activity:	
2011 Net Cash Collections (as defined) (b)	**$ 6,509**
Excluded from 2011 Net Cash Collections (c):	
Payments to NY State Tax	(144)
Payments to Non-Controlled Affiliates	(121)
Collections Subject to Allowed Secured Claims	72
Total 2011 Cash Activity	**6,315**
12/31/11 Cash Balance (As Reported)	**$ 30,691**

Note: Totals may not foot due to rounding.

(a) Excess cash held at third-party trustee (not included on the December 31, 2010 balance sheets) in connection with Spruce and Verano securitizations, expected to be remitted to the Company, was added to the 12/31/10 Balance Sheet cash balance and noted in footnote (3) in DS Exhibit 7. The majority of this excess cash was remitted to the Company during 2011; the remaining amounts have been included in the 2012+ Cash Flow Estimates in the periods expected to be received.

(b) Refer to 2011 Net Cash Collections total presented in the table included in the "Summary Comparison to Disclosure Statement" section above.

(c) The 2011 Net Cash Collections do not reflect (i) payments made to priority claimants, including NY state tax authorities, (ii) payments for liabilities paid to Non-Controlled Affiliates by Debtor-Controlled Entities, and (iii) collection of proceeds subject to allowed secured claims to be paid in the future. Such amounts are required to enable reconciliation of cash activity for 2011.

Various Company entities have certain obligations that will be satisfied. Accordingly, the Company has adjusted the December 31, 2011 cash balances for certain of these amounts including third-party post-petition payables and net post-petition intercompany amounts, as described below. The Company has not adjusted the December 31, 2011 cash balances for secured claims or certain other priority and administrative claims, including certain restricted cash items as noted in footnote (a) below;

($ in millions)

Legal Entity	12/31/11 Cash Balance (a)(d) (As Reported)	Third Party Post-Petition Payables (b)	Net Post-Petition Interco. (c)	Adj. 12/31/11 Cash Balance
LBHI	$ 7,443	$ (147)	$ (1,066)	**$ 6,230**
LCPI	4,869	(63)	1,625	**6,432**
LBSF	9,932	-	(141)	**9,791**
Other Debtors	3,721	-	(267)	**3,454**
Debtor-Controlled Entities	4,725	(82)	(152)	**4,492**
Totals	**$ 30,691**	**$ (292)**	**$ -**	**$ 30,399**

Note: Totals may not foot due to rounding.

(a) 12/31/11 Cash Balance of $30.7 billion includes restricted cash as adjusted for this report of approximately $3.3 billion, which includes the following: (i) $2 billion and $36 million of cash deposited on or prior to September 15, 2008 (the "Commencement Date") by the Company in connection with certain requests and/or documents the Company executed with Citigroup Inc. and HSBC Bank PLC, respectively, (ii) $729 million of cash collected by LBSF on derivatives that collateralize certain notes, of which $651 million has been transferred to Bankhaus (iii) amounts pursuant to paragraph 6(b) of the Collateral and Disposition Agreement ("CDA") with JPMorgan, whereby LBHI and LCPI each agreed to make a deposit with JPMorgan, before making a general distribution of its assets under a chapter 11 plan. In April 2012, pursuant to such agreements LBHI and LCPI deposited $367 million and $6 million, respectively, related to contingent letters of credit exposures, clearance exposures, and derivative exposures. LBHI and LCPI deposited their respective amounts into separate segregated interest-earning cash collateral accounts, pending resolution of these items, (iv) various pre-petition cash balances on administrative hold by certain financial institutions of $120 million, and (v) other cash required to be restricted under various agreements. Certain intercompany-related restricted cash items are discussed further in (c) below. Refer to the 2011 Balance Sheets and the notes thereto.

(b) Post-Petition Payables to third parties primarily includes mis-directed wires received and other funds that may not belong to the Company and other third party payables not included in the 2012+ Cash Flow Estimates.

(c) Includes net post-petition activity (receivables and payables) amongst and between Debtors and Debtor-Controlled Entities as of December 31, 2011 as adjusted for this report, for (i) administrative expense allocations, (ii) cash transfers related to intercompany funding, (iii) cash received by an entity for asset sales for the benefit of another entity, and (iv) other activity. Net post-petition activity does not include encumbered inventory (as reflected in the 2011 Balance Sheets), as the 2012+ Cash Flow Estimates reflects the monetization of these assets at the entity which holds the beneficial ownership.

(d) The Debtor-Controlled Entities 12/31/11 Cash Balance includes $486 million of cash related to Woodlands Commercial Corporation ("Woodlands") and $18 million related to its parent company, LB Bancorp Inc., a bank holding company, that is currently restricted, although given Aurora's recent balance sheet liquidation, the Company is presently seeking to release this restriction. Estimated cash flows from the monetization of Woodlands' and Aurora's assets presented herein are also subject to such restriction.

Financial Instruments and Other Assets

For purposes of the 2012+ Cash Flow Estimates, estimated cash flows from financial instruments and other assets have been presented at the Debtor that has the beneficial interest in such cash flows, including in circumstances where such position is recorded on the books of a different Debtor-Controlled Entity. This primarily includes (i) cases in which a parent has a wholly-owned direct or indirect subsidiary with no significant third-party creditors (as in the cases of PAMI Inc. as a subsidiary of LCPI, 1271 LLC as a subsidiary of LBSF, PAMI Holdings LLC as a subsidiary of LBHI, and LB Bancorp Inc. (the beneficiary of Woodlands and Aurora Bank FSB ("Aurora") net of its obligations), as a subsidiary of LBHI, and (ii) encumbered assets (such as assets held at LB I Group Inc. in PE/PI for the benefit of LCPI). See the 2011 Balance Sheets for further discussion of Encumbered Inventory. Refer to the "Reconciliation of December 31, 2011 Balance Sheets to the 2012+ Cash Flow Estimates" schedule presented herein for more disclosure. Estimated cash flows from certain Archstone interests acquired in connection with the ROFO purchases in 2012 are presented at the Debtor, LCPI or LBHI, with the beneficial interest in such cash flows.

The Company has anticipated a timetable for the monetization of financial instruments and other inventory positions under its control. It is expected that for various asset classes, additional investments will be necessary to preserve the value of the assets

for the Company (*e.g.*, to fund capital calls, invest in real estate assets, and purchase special purpose vehicle notes in derivatives). These investments are presented herein as Non-Operating Disbursements.

Commercial Real Estate

Commercial Real Estate includes commercial real estate loans and commercial real estate owned properties, joint venture equity interests in commercial properties, and other real estate related investments.

As presented in the table below, Total Estimates (2011 – "Beyond 2015") of Net Receipts of $12.9 billion increased by $1.6 billion as compared to DS Exhibit 7 (as adjusted) Net Receipts of $11.2 billion. The reduction in nominal Net Receipts associated with the acceleration of certain asset sales is more than offset by a net increase in the Company's valuation for securities in Archstone and certain other positions, some of which have been realized. On a gross basis, Non-Operating Disbursements increased $3.0 billion related to the ROFO exercised by the Company in January 2012 (for $1.3 billion [Docket No. 23620]) and June 2012 (for $1.7 billion, including certain fees) to acquire certain ownership interests in Archstone (to achieve full ownership). For presentation purposes, $3.0 billion of Gross Receipts associated with these acquisition payments are reflected on the Archstone ROFO line in the table below.

($ in billions)	Gross Receipts	Non-Op. Disburse.	Net Receipts
Real Estate (Per DS Exhibit 7)	**$ 13.2**	**$ (0.8)**	**$ 12.4**
Presentation Adjustments:			
Reclassify Residential to Loans (a)	(0.6)	0.0	**(0.6)**
Reclassify certain Woodlands assets (b)	0.2	-	**0.2**
2011 Notes Purchases - Alloc. of Cost (c)	-	(0.8)	**(0.8)**
Gross-up of Certain Non-Op. Disbursements (d)	0.8	(0.8)	**-**
Other	0.1	-	**0.1**
DS Exhibit 7 (as adjusted)	**$ 13.6**	**$ (2.4)**	**$ 11.2**
Changes in Estimates:			
Archstone ROFO Purchases at cost (2012)	$ 3.0	$ (3.0)	**$ -**
Market, Economic and Other Changes	1.3	0.4	1.6
Total Changes in Estimates	**4.2**	**(2.6)**	**1.6**
Total Estimates (2011- "Beyond 2015")	**$ 17.8**	**$ (5.0)**	**$ 12.9**
2012+ Cash Flow Estimates	**$ 14.6**	**$ (3.5)**	**$ 11.1**
2011 Net Cash Collections	3.2	(1.5)	1.8
Total Estimates (2011- "Beyond 2015")	$ 17.8	$ (5.0)	$ 12.9

Note: All amounts that are exactly zero are shown as "-". Amounts between zero and $500,000 appear as "0.0". Totals may not foot due to rounding.

The following Presentation Adjustments (which do not change the economic recoveries at the respective legal entity) have been made to enable comparison of the 2012+ Cash Flow Estimates to amounts presented in DS Exhibit 7:

(a) Cash flow estimates of $0.6 billion related to residential real estate loans and other assets that were previously presented in "Real Estate" in DS Exhibit 7 have been reclassified to "Loans (Corporate and Residential)" in the 2012+ Cash Flow Estimates.

(b) Cash flow estimates of $0.2 billion related to certain Woodlands assets that were previously presented in "Other" in DS Exhibit 7 have been reclassified to "Commercial Real Estate" in the 2012+ Cash Flow Estimates.

(c) $0.8 billion of the $1.5 billion combined purchase price related to the 2011 Notes Purchases has been allocated to Commercial Real Estate. This was previously included in the Disclosure Statement as an administrative claim (as notes had not yet been purchased).

(d) Represents $0.8 billion of non-operating disbursements that were netted against gross receipts in DS Exhibit 7, as these cash flows relate to assets that were previously treated as though they collateralized certain securitization structures (*e.g*. Fenway commercial paper notes).

Loans (Corporate and Residential)

Loans (Corporate and Residential) includes corporate and residential loans, residential real estate owned properties and other real estate related investments. The Company's estimated receipts from these assets include principal collections from loan maturities, proceeds from discretionary sales of loans and other assets, interest and fee collections. These receipts include cash

flow estimates of approximately $270 million related to certain collateral transferred from JPMorgan in connection with the JPMorgan CDA, excluding RACERS Notes and Securitization Instruments (refer to the Notes to the Balance Sheets as of December 31, 2011). Interest receipts on loans are generally based on LIBOR plus the interest rate spread applicable for the loan.

Non-Operating Disbursements in the 2012+ Cash Flow Estimates represent $115 million of total actual corporate loan fundings through May 31, 2012. The Company has not incorporated any estimates into the 2012+ Cash Flow Estimates for future fundings of commitments which may occur. Total remaining outstanding unfunded loan commitments that may be drawn upon amounted to $131 million as of June 30, 2012. As such, actual fundings for commitments may differ materially from the 2012+ Cash Flow Estimates herein.

As presented in the table below, Total Estimates (2011 – "Beyond 2015") of Net Receipts of $4.9 billion decreased by $0.5 billion as compared to DS Exhibit 7 (as adjusted) Net Receipts of $5.4 billion, primarily due to Market, Economic and Other Changes including accelerating sales of certain loan assets in the 2012+ Cash Flow Estimates as compared to assumptions in DS Exhibit 7. This change of assumption also decreases estimated nominal cash flows due to foregone interest relating to those loans whose sale has been accelerated. In addition, the valuation of certain corporate loan positions has decreased offset by increases in the valuation of other corporate loan positions and residential assets.

($ in billions)	Gross Receipts	Non-Op. Disburse.	Net Receipts
Loans (Per DS Exhibit 7)	**$ 4.8**	**$ (0.0)**	**$ 4.8**
Presentation Adjustments:			
Reclassify Residential to Loans (a)	0.6	(0.0)	**0.6**
Reclassify certain Woodlands assets (b)	0.2	-	**0.2**
2011 Notes Purchases - Alloc. of Cost (c)	-	(0.6)	**(0.6)**
Other Reclassifications (d)	0.4	(0.1)	**0.3**
DS Exhibit 7 (as adjusted)	**$ 6.0**	**$ (0.6)**	**$ 5.4**
Market, Economic and Other Changes	**(0.3)**	**(0.2)**	**(0.5)**
Total Estimates (2011- "Beyond 2015")	**$ 5.7**	**$ (0.8)**	**$ 4.9**
2012+ Cash Flow Estimates	**$ 3.5**	**$ (0.1)**	**$ 3.4**
2011 Net Cash Collections	2.2	(0.7)	1.5
Total Estimates (2011- "Beyond 2015")	$ 5.7	$ (0.8)	$ 4.9

Note: All amounts that are exactly zero are shown as "-". Amounts between zero and $500,000 appear as "0.0". Totals may not foot due to rounding.

The following Presentation Adjustments (which do not change economic recoveries at the respective legal entity) have been made to enable comparison of the 2012+ Cash Flow Estimates to amounts presented in DS Exhibit 7:

(a) Cash flow estimates of $0.6 billion related to residential real estate assets that were presented in "Real Estate" in DS Exhibit 7 have been reclassified to "Loans (Corporate and Residential)" in the 2012+ Cash Flow Estimates.

(b) Cash flow estimates of $0.2 billion related to certain Woodlands assets that were presented in "Other" in DS Exhibit 7 have been reclassified to "Loans (Corporate and Residential)" in the 2012+ Cash Flow Estimates.

(c) $0.6 billion of the $1.5 billion combined purchase price relating to the 2011 Notes Purchases has been allocated to Loans (Corporate and Residential).

(d) Other reclassifications including $0.2 billion of gross receipts transferred from Private Equity / Principal Investments, a Non-Operating Disbursement of $0.1 billion that was previously included in the Disclosure Statement as a secured claim, and other.

Private Equity/Principal Investments ("PE/PI")

Private Equity/Principal Investments include equity and fixed-income direct investments in corporations, and general partner and limited partner interests in asset managers (including private equity) and in related funds.

Required capital calls from private equity investments are included in the Non-Operating Disbursements throughout the Estimate Period. As of June 30, 2012, the Company had total unfunded commitments of $445 million. Actual fundings may differ materially from the 2012+ Cash Flow Estimates herein.

Certain subsidiaries of LBHI are not in possession of or do not have complete control of certain Private Equity/Principal Investment assets with $302 million of estimated cash flows included in the 2012+ Cash Flow Estimates (including $171 million in receivables from assets that have been monetized). In these instances a subsidiary is the holder of record of such asset, but the asset is held within an account controlled by an affiliated entity that is subject to a separate insolvency or foreign administration proceeding ($255 million in cash flows from assets / receivables are at LBIE, and $47 million are at LBI), most of which are anticipated to be received by the Company by the end of 2012, and the remainder in 2013 and 2014.

As presented in the table below, Total Estimates (2011 – "Beyond 2015") of Net Receipts of $8.8 billion decreased by $0.2 billion as compared to DS Exhibit 7 (as adjusted) Net Receipts of $9.0 billion, primarily due to Market, Economic and Other Changes including changes in cash flow estimates related to a net decrease in valuation for certain positions of $0.4 billion, partially offset by an increase of $0.2 billion at LCPI related to estimated recoveries on a Kingfisher claim against a Non-Controlled Affiliate not previously included in PE/PI in DS Exhibit 7.

($ in billions)	Gross Receipts	Non-Op. Disburse.	Net Receipts
PE/PI (Per DS Exhibit 7)	**$ 9.5**	**$ (0.3)**	**$ 9.2**
Presentation Adjustments:			
2011 Notes Purchases - Alloc. of Cost (a)	-	(0.1)	**(0.1)**
Other Reclassifications (b)	(0.1)	-	**(0.1)**
DS Exhibit 7 (as adjusted)	**$ 9.4**	**$ (0.4)**	**$ 9.0**
Market, Economic and Other Changes	**(0.2)**	**0.0**	**(0.2)**
Total Estimates (2011- "Beyond 2015")	**$ 9.2**	**$ (0.4)**	**$ 8.8**
2012+ Cash Flow Estimates	**$ 7.7**	**$ (0.2)**	**$ 7.6**
2011 Net Cash Collections	1.5	(0.2)	1.3
Total Estimates (2011- "Beyond 2015")	$ 9.2	$ (0.4)	$ 8.8

Note: All amounts that are exactly zero are shown as "-". Amounts between zero and $500,000 appear as "0.0".
Totals may not foot due to rounding.

The following Presentation Adjustments (which do not change economic recoveries at the respective legal entity) have been made to enable comparison to the 2012+ Cash Flow Estimates to amounts presented in DS Exhibit 7:

(a) $0.1 billion of the $1.5 billion combined purchase price relating to the 2011 Notes Purchases has been allocated to PE/PI.

(b) Other reclassifications including a position for $0.2 billion in Gross Receipts transferred to Loans (Corporate and Residential) and other.

Derivatives

The Company's estimated recovery amounts with respect to derivative contracts are determined using various internal models, data sources, and certain assumptions regarding contract provisions. The derivative contract recoveries *exclude* proceeds that are subject to valid liens and allowed secured claims. Certain of the Debtors have entered into transactions to hedge exposure and maintain value in certain non-terminated derivative contracts and certain other assets, and have posted cash collateral with third-party brokers in support of such hedging transactions. Estimated recoveries of amounts posted, net of any gains or losses on such hedging transactions, have been included in the 2012+ Cash Flow Estimates.

The Company has purchased and may continue to purchase notes issued by special purpose vehicles ("SPVs") as an alternative mechanism to (i) seek to resolve the Company's disputes with the directors and officers, indenture trustees, and in limited cases, noteholders of the SPVs, (ii) hedge litigation risk, and (iii) maximize the value of the Company's SPV receivables. The Company has spent approximately $600 million to purchase such notes through April 30, 2012, including approximately $140 million of purchases in 2012 which have been included as Non-Operating Disbursements in Derivatives in the 2012+ Cash Flow Estimates herein. The Company has not estimated amounts for future disbursements that may occur. Going forward, the Company intends to report, in any period, such future disbursements on a net basis against gross receipts in the same period.

As presented in the table below, Total Estimates (2011 – "Beyond 2015") of Net Receipts of $5.9 billion increased by $0.8 billion as compared to DS Exhibit 7 (as adjusted) Net Receipts of $5.1 billion, primarily due to (i) the return of $0.4 billion of collateral received in 2011 from a Non-Controlled Affiliate not previously included in DS Exhibit 7, and (ii) changes to estimates of various positions in the Derivatives book.

($ in billions)	Gross Receipts	Non-Op. Disburse.	Net Receipts
Derivatives (Per DS Exhibit 7)	**$ 5.2**	**$ -**	**$ 5.2**
Presentation Adjustments:			
Remove secured cash flows (a)	(0.1)	-	**(0.1)**
Reclassify certain Woodlands assets (b)	0.0	-	**0.0**
DS Exhibit 7 (as adjusted)	**$ 5.1**	**$ -**	**$ 5.1**
Changes in Estimates:			
SPV Note Purchases	$ 0.6	$ (0.6)	**$ -**
Other Changes	0.8	-	**0.8**
Total Changes in Estimates	**1.4**	**(0.6)**	**0.8**
Total Estimates (2011- "Beyond 2015")	**$ 6.5**	**$ (0.6)**	**$ 5.9**
2012+ Cash Flow Estimates	**$ 4.0**	**$ (0.1)**	**$ 3.9**
2011 Net Cash Collections	2.4	(0.4)	2.0
Total Estimates (2011- "Beyond 2015")	$ 6.5	$ (0.6)	$ 5.9

Note: All amounts that are exactly zero are shown as "-". Amounts between zero and $500,000 appear as "0.0". Totals may not foot due to rounding.

The following Presentation Adjustments (which do not change economic recoveries at the respective legal entity) have been made to enable comparison of the 2012+ Cash Flow Estimates to amounts presented in DS Exhibit 7:

(a) Cash flow estimates previously included in DS Exhibit 7 that are subject to valid liens and allowed secured claims are excluded from the 2012+ Cash Flow Estimates.

(b) Cash flow estimates of approximately $20 million related to certain Woodlands assets that were previously presented in "Other" in DS Exhibit 7 have been reclassified as Derivatives in the 2012+ Cash Flow Estimates.

Other Assets

"Other" primarily includes the following:

(i) **Recoveries from the Settlement of Litigation** – The 2012+ Cash Flow Estimates include only actual litigation receipts through June 30, 2012, of $699 million from JPMorgan related to certain JPMorgan sponsored or managed funds claims [Docket No. 25383] and $378 million, including interest, from Bank of America related to $500 million of cash seized prior to bankruptcy [Docket No. 21030]. Cash recoveries from pending litigation have not been included as the respective outcomes cannot be determined. The Company is currently a plaintiff in several legal actions that are large and complex and will result in litigation costs, possibly for an extended period of time.

(ii) **Recoveries from Bank Subsidiaries** – The 2012+ Cash Flow Estimates related to certain Woodlands assets are included in the asset categories of Loans (Corporate and Residential), Commercial Real Estate and Derivatives. Estimates for certain other Woodlands assets, such as recoveries on allowed customer claims against LBI (allowed as indicated in LBI's Seventh Interim report filed April 20, 2012), have been included in "Other." Aurora is in the process of liquidating its balance sheet and has completed transactions for the sale of substantially all of its assets and assumption of all of its deposit liabilities. The 2012+ Cash Flow Estimates include an estimate of recovery on Aurora's net assets, but due to continuing regulatory activity and reviews within Aurora's industry sector, this estimate of ultimate recovery from Aurora is subject to substantial uncertainty.

(iii) **Other Miscellaneous Receivables** – Includes: (i) collections in the first quarter of 2012 on receivables as of December 31, 2011, including accrued interest on Treasury Investments, (ii) recoupment of cash posted for foreign currency hedging transactions, and (iii) other.

As presented in the table below, Total Estimates (2011 – "Beyond 2015") of Net Receipts of $3.0 billion increased by $1.2 billion as compared to DS Exhibit 7 (as adjusted) Net Receipts of $1.8 billion, primarily due to Litigation receipts in 2012 from JPMorgan and Bank of America (as described above), which were not previously included in the estimates in DS Exhibit 7.

($ in billions)	Gross Receipts	Non-Op. Disburse.	Net Receipts
Other (Per DS Exhibit 7)	**$ 2.8**	**$ -**	**$ 2.8**
Presentation Adjustments:			
Reclassify certain Woodlands assets (a)	(0.4)	-	**(0.4)**
Subrogated Claim Recoveries (b)	(0.6)	-	**(0.6)**
DS Exhibit 7 (as adjusted)	**$ 1.8**	**$ -**	**$ 1.8**
Changes in Estimates:			
Litigation Receipts (c)	$ 1.1	$ -	**$ 1.1**
Other	0.2	(0.1)	**0.1**
Total Changes in Estimates	**1.3**	**(0.1)**	**1.2**
Total Estimates (2011- "Beyond 2015")	**$ 3.1**	**$ (0.1)**	**$ 3.0**
2012+ Cash Flow Estimates	**$ 2.2**	**$ -**	**$ 2.2**
2011 Net Cash Collections (d)	0.9	(0.1)	0.8
Total Estimates (2011- "Beyond 2015")	$ 3.1	$ (0.1)	$ 3.0

Note: All amounts that are exactly zero are shown as "-". Amounts between zero and $500,000 appear as "0.0".
Totals may not foot due to rounding.

Footnotes (a) and (b) below represent Presentation Adjustments (which do not change economic recoveries at the respective legal entity) have been made to enable comparison of the 2012+ Cash Flow Estimates to amounts presented in DS Exhibit 7:

(a) Cash flow estimates of $0.4 billion of Gross Receipts related to certain Woodlands assets that were previously presented in "Other" in DS Exhibit 7 have been reclassified to Commercial Real Estate, Loans (Corporate and Residential), and Derivatives in the 2012+ Cash Flow Estimates.

(b) Estimated recoveries of $0.6 billion of JPMorgan claims against LBSF, which were subrogated to LBHI and LBCS, were previously included as Gross Receipts in DS Exhibit 7, but such amounts have been removed from the 2012+ Cash Flow Estimates herein (refer to Exhibit 4 in the Disclosure Statement, "Assumptions With Respect to Other Assets" section for additional disclosure) as they are claims against certain Debtors.

(c) Reflects material litigation receipts of $1.1 billion relating to certain settlements with JPMorgan and Bank of America collected in 2012 (as described in (i) above). There were no material settlement receipts in 2011.

(d) 2011 Net Cash Collections "Gross Receipts" includes $486 million of Woodlands' cash that the Company began reflecting in its December 31, 2011 ending cash balance on its Balance Sheet.

Operating Disbursements

Operating Disbursements include expenses for personnel, third party professionals (including outside legal counsel for litigation activities), and infrastructure (including information technology and communications ("IT")). Operating Disbursements estimates included in the 2012+ Cash Flow Estimates are reflective of a recent review of Company personnel and third party professional service providers (including Alvarez & Marsal North America, LLC ("A&M") and outside legal counsel), which assumes an increased reliance on Company personnel while continuing to reduce services provided by (and fees incurred from) third party professionals.

The Operating Disbursements estimate of $2,190 million presented in DS Exhibit 7 included such disbursements only through December 31, 2014, as disclosed therein. The 2012+ Cash Flow Estimates anticipate that costs will be incurred in 2015 and in subsequent years to monetize remaining financial assets and to continue the wind-down of operations, including collections

from Non-Controlled Affiliates and ongoing management and resolution of claims, corporate wind-down, accounting, tax returns and filings, and continuing financial reporting requirements within various jurisdictions, among other activities. In addition, the Operating Disbursements estimate provided in DS Exhibit 7 was prepared assuming that the Company's emergence from bankruptcy (and elimination of related costs) would occur in late 2011, earlier than the actual date of emergence of March 6, 2012.

As presented in the table below, Total Operating Disbursements of $2,685 million are $495 million higher than the $2,190 million in DS Exhibit 7. The change has three primary components:

1) Operating cash payments (before incentive fees) of $377 million that are expected to be made in years 2015 forward; as noted above, such payments were not included in the Operating Disbursements shown in DS Exhibit 7. This $377 million increase includes ongoing work in 2015 and beyond to monetize assets, evaluate and negotiate claims, conduct litigations, and perform various wind-down activities and corporate support functions. Such payments include terminal bonus payments and severance to employees assumed to be working in this period, including payments to employees assumed to have finished their employment at the end of 2014.

2) Increased incentive fees of $67 million based on (i) the current increased estimate of distributions to unsecured creditors compared to those in DS Exhibit 7, and (ii) fees related to the Board of Directors' incentive plan. Of the total $67 million increase, $23 million relates to the period through 2014, with the remaining $44 million post 2014. The 2012+ Cash Flow Estimates reflect estimated incentive fees for A&M, the LBHI Board of Directors, Houlihan Lokey Howard & Zukin Capital, Inc. ("HLHZ"), Lazard Freres & Co. LLC, and FTI Consulting, Inc., aggregating to an estimate of $163 million. The 2012+ Cash Flow Estimates do not include amounts in respect of various applications filed on or before July 6, 2012 (i) on behalf of Alix Partners, LLP, Blackstone Advisory Partners L.P., Brown Rudnick LLP, Cleary Gottlieb Steen & Hamilton LLP, Molinaro Advisors LLC, and White & Case LLP, together aggregating $34 million, (ii) by HLHZ (additional) and Official Committee of Unsecured Creditors ("UCC"), together aggregating $41 million, and (iii) by A&M (Claims Management Incentive) of $23 million.

3) Increased operating disbursements of $51 million (before incentive fees) relating to higher costs incurred or expected to be incurred during the time period included in DS Exhibit 7 (2011 - 2014). As noted above, such additional costs are largely related to the later emergence from bankruptcy (and related transition) than had been anticipated in DS Exhibit 7, as evidenced by the substantial time and complexity of the multi-lateral negotiations with administrators of Non-Controlled Affiliates and creditor groups leading to consummation of the Plan. These higher "delayed emergence" costs include higher than estimated fees paid to Debtor professionals and to the UCC professionals and Advisors. In addition, incurred and estimated higher costs during 2011 – 2014 also include higher than anticipated legal fees for litigation activity and certain outsourced services, partially offset by lower anticipated costs of operations in 2013 and 2014.

($ in millions)		Operating Disbursements
Per DS Exhibit 7	**$**	**(2,190)**
Changes:		
Add'l Period (Beyond 2014)		(377)
Increase in Incentive Fees		(67)
Changes in Estimates (2011 to 2014)		(51)
Total Changes in Estimates		**(495)**
Total Estimates (2011- "Beyond 2015")	**$**	**(2,685)**
2012+ Cash Flow Estimates	**$**	**(1,836)**
2011 Operating Disbursements		(849)
Total Estimates (2011- "Beyond 2015")	$	(2,685)

Note: Totals may not foot due to rounding.

Total Operating Disbursements 2011-2012 Variance (2012+ Cash Flow Estimates vs. DS Exhibit 7)
Total Operating Disbursements for the combined years of 2011 and 2012 increased by $153 million to $1.56 billion from $1.41 billion per DS Exhibit 7. Operating Disbursements estimates reflected in DS Exhibit 7 were compiled in late 2010 and were under-anticipated. This increase is driven primarily by (i) an additional $97 million in fees to Debtor and UCC professionals and advisors as noted above, reflecting the greater time and complexity required to consummate the Plan, incremental legal fees for litigation activity, delayed timing of holdback payments related to expenses incurred in 2010, and (ii) approximately $40 million of increased outsourced services and IT expenses due to the extended reliance on the data and applications maintained by transition service vendors relating to Derivatives.

Costs Allocations
The costs allocation methodology utilized in the 2012+ Cash Flow Estimates for allocating expenses related to certain administrative services (the "2012+ Allocation Methodology") reflects the methodology that has been consistently utilized by the Debtors during the period they were in bankruptcy, as described more fully in the 2011 Balance Sheets (refer to the Notes to the 2011 Balance Sheets). The Company has instructed various professionals to invoice their services as incurred post-Effective Date directly to the legal entities benefitting from such services; this practice is expected to reduce cost amounts subject to allocation. The 2012+ Allocation Methodology is under periodic review by the Company; therefore, actual allocations amongst legal entities may not equate to those shown herein.

The method used by the Company and reflected in the 2012+ Allocation Methodology includes variables that were not incorporated, or were partially incorporated, into the cost allocation methodology utilized in DS Exhibit 7 (collectively, the "Variables Differences"). These Variable Differences are (i) headcount, (ii) unsettled derivatives claims estimates, (iii) estimates of fair values (vs. estimated recoveries) and (iv) an allocation of 30% of certain indirect costs to LBHI (which partially offsets the aforementioned items (i) – (iii)). The effect of these Variables Differences results in higher allocated costs for Total Operating Disbursements for certain legal entities (*e.g.*, LBSF, as described further below) versus the allocation reflected in DS Exhibit 7, and lower Total Operating Disbursements for other legal entities (*e.g.*, LCPI).

LBSF Total Operating Disbursements Variance (2012+ Cash Flow Estimates vs. DS Exhibit 7)
LBSF total Operating Disbursements increased by approximately $515 million to approximately $1.0 billion for the period 2011 – "Beyond 2015" (including $284 million incurred in 2011) from $500 million per DS Exhibit 7 due primarily to (i) increased estimated and incurred costs of $192 million (for the period 2011-2014 covered by DS Exhibit 7) primarily for professional fees, outsourced services & IT activities, and compensation & benefits due to the complexity of Derivatives recoveries and claims resolution and related litigation, mediation and negotiation processes, (ii) estimated costs for operations in years 2015 and beyond of $193 million, and (iii) the combined effects of the Variables Differences of approximately $130 million.

The Debtor Allocation Agreement, which became effective on the Effective Date, provided, among other things, for an allowed administrative expense claim of LBSF against LBHI in the amount of $300 million as a credit against allocation of administrative cost estimates. As a result, LBSF's allocated costs (to the extent unpaid as of the Effective Date) are offset against this credit in the 2012+ Cash Flow Estimates (accompanied by an identical increase in costs at LBHI) in the "Debtor Cost Allocation" line item for LBSF and LBHI, respectively. In the fourth quarter of 2011, $14 million of costs were applied against this credit and hence the 2012+ Cash Flow Estimates reflect the remaining $286 million. For further information on the Debtor Allocation Agreement, refer to Article VI of the Plan.

The Debtor Allocation Agreement also provides that the expenses of the administration of the assets and liabilities of the Company shall be allocated by the Plan Administrator pursuant to one or more agreements that are effectuated subsequent to the Effective Date and that are approved by the respective boards of directors or managers of the relevant Company entities. The Plan Administrator has not yet proposed agreements concerning such allocations and presented the same to the applicable boards of directors. Thus, the 2012+ Cash Flow Estimates do not reflect any such agreements and remain subject to change.

LBSF operating costs to be incurred anticipate substantial activity by the Derivatives team and their advisors relating to claims resolution, related litigation and LBHI guarantee obligations. As noted above, the methodology for costs allocation among Debtors is reviewed periodically (including the allocation of costs relating to Derivatives claims analysis and litigation that encompasses LBHI guarantees) and actual allocations may differ materially from those incorporated in these estimates.

Other Items

Recoveries from Non-Controlled Affiliates

The 2012+ Cash Flow Estimates include a total of $7.6 billion in estimated direct recoveries to Debtors and Debtor-Controlled Entities on net intercompany receivables from those Non-Controlled Affiliates with which the Company has final settlement agreements, as compared to $4.2 billion in the Disclosure Statement. In addition, the 2012+ Cash Flow Estimates include estimates related to recoveries on Woodlands' customer claims against LBI, which have been included separately in "Other" at LBHI. Certain other estimated recoveries for the Kingfisher securitization related to its claims against Non-Controlled Affiliates have also been included separately in Private Equity / Principal Investments at LCPI.

As of June 30, 2012, the Company has executed final settlement agreements with Lehman Brothers Bankhaus AG (in Insolvenz), Hong Kong Lehman Entities in Liquidation (as defined in the settlement agreement), Lehman Singapore (as defined in the settlement agreement), Lehman Brothers Treasury Co. B.V., Lehman Brothers Securities N.V., Lehman Brothers (Luxembourg) Equity Finance S.A. *(en faillite)* and Lehman Brothers (Luxembourg) S.A. (in liquidation), UK Administration Companies (as defined in the settlement agreement), the UK Liquidation Companies (as defined in the settlement agreement), and other UK Affiliates (as defined in the settlement agreement), Lehman Japan (as defined in the settlement agreement), Lehman Re Ltd, and LB Capital GmBH.

As the greatest variable in determining an estimate of recoveries from Non-Controlled Affiliates is an executed settlement agreement, the Company is not including estimated recoveries from any Non-Controlled Affiliate with which it has not settled unless a claim has been allowed (as in the case of Woodlands' customer claim against LBI, as noted above). The Company is in negotiations and does not yet have an executed settlement with Lehman Brothers Finance S.A., foreign administrators from Australia, or LBI, and cannot estimate if or when settlements with these Non-Controlled Affiliates may be agreed upon. The Company has an agreement in principle with LBI and is in the process of finalizing definitive terms. If and when such settlements are agreed, additional recovery amounts may become estimable. Actual recoveries from Non-Controlled Affiliates, which are expected to include recoveries from un-settled Non-Controlled Affiliates, may vary materially from estimates in these schedules.

Estimates of recoveries from Non-Controlled Affiliates are subject to substantial timing uncertainties, since actual payment schedules from these entities are determined by their respective administrators. Collections of $2.0 billion from Non-Controlled Affiliates through June 30, 2012 (principally from Lehman Brothers Asia Holdings Ltd.) are presented in 2012 and are included in the total estimate of $7.6 billion.

Grand Total
Cash Flow Summary - 2012 - 2015 and Beyond
($ in Millions)

Gross Receipts	**2012**	**2013**	**2014**	**2015**	**Beyond 2015 (1)**	**Total**
Commercial Real Estate	$ 4,845	$ 5,085	$ 3,377	$ 546	$ 746	$ 14,600
Loans (Corporate and Residential)	1,723	887	764	42	87	3,503
Private Equity/Principal Invest.	3,427	1,825	1,352	410	707	7,721
Derivatives	2,251	1,449	312	25	-	4,037
Other	1,310	629	60	216	-	2,214
Receipts, Subtotal	**13,556**	**9,875**	**5,865**	**1,239**	**1,540**	**32,075**
Non-Operating Disbursements						
Commercial Real Estate	(3,272)	(96)	(65)	(32)	(36)	(3,501)
Loans (Corporate and Residential)	(115)	-	-	-	-	(115)
Private Equity/Principal Invest.	(157)	(8)	(2)	-	-	(167)
Derivatives	(136)	-	-	-	-	(136)
Non-Operating Disbursements, Subtotal	**(3,680)**	**(104)**	**(67)**	**(32)**	**(36)**	**(3,919)**
Net Receipts	**9,876**	**9,771**	**5,799**	**1,206**	**1,504**	**28,156**
Operating Disbursements						
Professional Fees	(348)	(167)	(116)	(71)	(65)	(767)
Compensation & Benefits	(246)	(177)	(123)	(76)	(128)	(751)
Outsourced Services & IT Activities	(84)	(47)	(31)	(17)	(28)	(207)
Other Operating Disbursements	(36)	(24)	(17)	(13)	(22)	(112)
Operating Disbursements, Total	**(714)**	**(414)**	**(287)**	**(177)**	**(244)**	**(1,836)**
Subtotal, Cash From Operations	**$ 9,162**	**$ 9,357**	**$ 5,512**	**$ 1,030**	**$ 1,260**	**$ 26,320**
Recoveries from Non-Controlled Affiliates (2)	**2,008**	N/A	N/A	N/A	N/A	**7,625**
Total Cash From Operations (3)						**$ 33,945**

Notes:

(1) Estimated cash flows which occur in the years 2016 and thereafter (and related costs of operations) are presented in the "Beyond 2015" column at an assumed present value as of December 31, 2016.

(2) 2012 amount represents actual through June 30, 2012. Total estimates have not been forecasted as to timing.

(3) Total excludes beginning cash as of 1/1/12. Refer to the "Cash and Investments" section of the Notes to the 2012+ Cash Flow Estimates for further disclosure on 12/31/11 cash balances.

Lehman Brothers Holdings Inc.
Cash Flow Summary - 2012 - 2015 and Beyond
($ in Millions)

Gross Receipts	**2012**	**2013**	**2014**	**2015**	**Beyond 2015 (1)**	**Total**
Commercial Real Estate	$ 1,730	$ 1,122	$ 374	$ 230	$ 432	$ 3,889
Loans (Corporate and Residential)	505	201	174	18	54	952
Private Equity/Principal Invest.	899	255	84	17	20	1,275
Derivatives	-	21	-	-	-	21
Other	1,205	609	11	195	-	2,020
Receipts, Subtotal	**4,339**	**2,208**	**643**	**460**	**507**	**8,157**
Non-Operating Disbursements						
Commercial Real Estate	(422)	(52)	(41)	(22)	(27)	(564)
Loans (Corporate and Residential)	(20)	-	-	-	-	(20)
Private Equity/Principal Invest.	(1)	-	-	-	-	(1)
Derivatives	-	-	-	-	-	-
Non-Operating Disbursements, Subtotal	**(443)**	**(52)**	**(41)**	**(22)**	**(27)**	**(585)**
Net Receipts	**3,896**	**2,156**	**602**	**438**	**480**	**7,571**
Operating Disbursements						
Professional Fees	(94)	(38)	(26)	(16)	(16)	(190)
Compensation & Benefits	(54)	(38)	(25)	(16)	(34)	(167)
Outsourced Services & IT Activities	(12)	(6)	(4)	(2)	(4)	(27)
Other Operating Disbursements	(4)	(2)	(2)	(1)	(3)	(13)
Debtor Cost Allocation (2)	(260)	(26)	-	-	-	(286)
Operating Disbursements, Total	**(425)**	**(110)**	**(56)**	**(35)**	**(57)**	**(683)**
Subtotal, Cash From Operations	**$ 3,471**	**$ 2,047**	**$ 545**	**$ 402**	**$ 423**	**$ 6,889**
Recoveries from Non-Controlled Affiliates (3)	**1,718**	N/A	N/A	N/A	N/A	**5,704**
Total Cash From Operations						**$ 12,593**

Notes:

(1) Estimated cash flows which occur in the years 2016 and thereafter (and related costs of operations) are presented in the "Beyond 2015" column at an assumed present value as of December 31, 2016.

(2) In accordance with the Debtor Allocation Agreement, (Section 6.3 of the Plan, filed 8/31/11). LBSF's allocated costs of $14 million related to 4Q11 were offset against the allowed administrative claim of $300 million.

(3) 2012 amount represents actual through June 30, 2012. Total estimates have not been forecasted as to timing.

Lehman Brothers Special Financing Inc.
Cash Flow Summary - 2012 - 2015 and Beyond
($ in Millions)

Gross Receipts	2012	2013	2014	2015	Beyond 2015 (1)	Total
Commercial Real Estate	$ -	$ -	$ -	$ -	$ -	$ -
Loans (Corporate and Residential)	13	0	-	-	-	13
Private Equity/Principal Invest.	-	-	-	-	-	-
Derivatives	1,863	1,267	312	-	-	3,442
Other	18	-	-	-	-	18
Receipts, Subtotal	**1,893**	**1,267**	**312**	**-**	**-**	**3,473**
Non-Operating Disbursements						
Commercial Real Estate	-	-	-	-	-	-
Loans (Corporate and Residential)	-	-	-	-	-	-
Private Equity/Principal Invest.	-	-	-	-	-	-
Derivatives	(136)	-	-	-	-	(136)
Non-Operating Disbursements, Subtotal	**(136)**	**-**	**-**	**-**	**-**	**(136)**
Net Receipts	**1,758**	**1,267**	**312**	**-**	**-**	**3,337**
Operating Disbursements						
Professional Fees	(111)	(59)	(43)	(27)	(29)	(269)
Compensation & Benefits	(105)	(73)	(52)	(36)	(56)	(322)
Outsourced Services & IT Activities	(31)	(20)	(14)	(11)	(17)	(92)
Other Operating Disbursements	(14)	(10)	(7)	(7)	(11)	(49)
Debtor Cost Allocation (2)	260	26	-	-	-	286
Operating Disbursements, Total	**-**	**(135)**	**(117)**	**(81)**	**(112)**	**(445)**
Subtotal, Cash From Operations	**$ 1,758**	**$ 1,132**	**$ 195**	**$ (81)**	**$ (112)**	**$ 2,892**
Recoveries from Non-Controlled Affiliates (3)	**2**	N/A	N/A	N/A	N/A	**182**
Total Cash From Operations						**$ 3,074**

Notes:

(1) Estimated cash flows which occur in the years 2016 and thereafter (and related costs of operations) are presented in the "Beyond 2015" column at an assumed present value as of December 31, 2016.

(2) In accordance with the Debtor Allocation Agreement, (Section 6.3 of the Plan, filed 8/31/11). LBSF's allocated costs of $14 million related to 4Q11 were offset against the allowed administrative claim of $300 million.

(3) 2012 amount represents actual through June 30, 2012. Total estimates have not been forecasted as to timing.

Lehman Commercial Paper Inc.
Cash Flow Summary - 2012 - 2015 and Beyond
($ in Millions)

Gross Receipts	**2012**	**2013**	**2014**	**2015**	**Beyond 2015 (1)**	**Total**
Commercial Real Estate	$ 2,832	$ 3,550	$ 2,138	$ 291	$ 310	$ 9,119
Loans (Corporate and Residential)	1,154	679	584	17	2	2,436
Private Equity/Principal Invest.	356	448	311	114	109	1,338
Derivatives	40	2	-	-	-	43
Other	12	-	49	-	-	61
Receipts, Subtotal	**4,394**	**4,680**	**3,082**	**421**	**420**	**12,997**
Non-Operating Disbursements						
Commercial Real Estate	(2,797)	(43)	(22)	(10)	(9)	(2,881)
Loans (Corporate and Residential)	(95)	-	-	-	-	(95)
Private Equity/Principal Invest.	-	-	-	-	-	-
Derivatives	-	-	-	-	-	-
Non-Operating Disbursements, Subtotal	**(2,893)**	**(43)**	**(22)**	**(10)**	**(9)**	**(2,977)**
Net Receipts	**1,502**	**4,637**	**3,060**	**411**	**411**	**10,020**
Operating Disbursements						
Professional Fees	(89)	(46)	(30)	(13)	(9)	(187)
Compensation & Benefits	(52)	(41)	(26)	(10)	(13)	(141)
Outsourced Services & IT Activities	(30)	(16)	(9)	(2)	(4)	(61)
Other Operating Disbursements	(9)	(6)	(4)	(2)	(3)	(24)
Operating Disbursements, Total	**(180)**	**(110)**	**(69)**	**(26)**	**(28)**	**(413)**
Subtotal, Cash From Operations	**$ 1,322**	**$ 4,527**	**$ 2,991**	**$ 384**	**$ 382**	**$ 9,607**
Recoveries from Non-Controlled Affiliates (2)	-	N/A	N/A	N/A	N/A	**31**
Total Cash From Operations						**$ 9,638**

Notes:
(1) Estimated cash flows which occur in the years 2016 and thereafter (and related costs of operations) are presented in the "Beyond 2015" column at an assumed present value as of December 31, 2016.
(2) Total estimates have not been forecasted as to timing.

Other Debtors
Cash Flow Summary - 2012 - 2015 and Beyond
($ in Millions)

Gross Receipts	**2012**	**2013**	**2014**	**2015**	**Beyond 2015 (1)**	**Total**
Commercial Real Estate	$ -	$ 98	$ 603	$ -	$ -	$ 701
Loans (Corporate and Residential)	-	-	-	-	-	-
Private Equity/Principal Invest.	-	-	-	-	-	-
Derivatives	346	144	-	25	-	514
Other	7	-	-	-	-	7
Receipts, Subtotal	**353**	**242**	**603**	**25**	**-**	**1,222**
Non-Operating Disbursements						
Commercial Real Estate	-	-	-	-	-	-
Loans (Corporate and Residential)	-	-	-	-	-	-
Private Equity/Principal Invest.	-	-	-	-	-	-
Derivatives	-	-	-	-	-	-
Non-Operating Disbursements, Subtotal	**-**	**-**	**-**	**-**	**-**	**-**
Net Receipts	**353**	**242**	**603**	**25**	**-**	**1,222**
Operating Disbursements						
Professional Fees	(15)	(3)	(0)	-	-	(18)
Compensation & Benefits	(14)	(4)	(0)	(0)	-	(18)
Outsourced Services & IT Activities	(4)	(1)	-	-	-	(5)
Other Operating Disbursements	(2)	(1)	(0)	-	-	(2)
Operating Disbursements, Total	**(35)**	**(9)**	**(0)**	**(0)**	**-**	**(44)**
Subtotal, Cash From Operations	**$ 318**	**$ 233**	**$ 603**	**$ 25**	**$ -**	**$ 1,179**
Recoveries from Non-Controlled Affiliates (2)	**132**	N/A	N/A	N/A	N/A	**402**
Total Cash From Operations						**$ 1,581**

Notes:
(1) Estimated cash flows which occur in the years 2016 and thereafter (and related costs of operations) are presented in the "Beyond 2015" column at an assumed present value as of December 31, 2016.
(2) 2012 amount represents actual through June 30, 2012. Total estimates have not been forecasted as to timing.

Other Debtors (Cont'd from Previous Page)
Cash Flow Summary - 2012 - 2015 and Beyond
($ in Millions)

	2012	2013	2014	2015	Beyond 2015 (1)	Subtotals	Recoveries From Non-Controlled Affiliates (2)	Totals
Total Cash From Operations, By Debtor:								
Lehman Brothers OTC Derivatives Inc. ("LOTC")	$ 3	$ 97	$ -	$ -	$ -	$ 100	$ -	$ 100
Luxembourg Residential Properties Loan Finance S.a.r.l	-	98	603	-	-	701	-	701
Lehman Brothers Commercial Corporation ("LBCC")	182	9	(0)	(0)	-	191	231	422
Lehman Brothers Commodity Services Inc. ("LBCS")	64	23	(0)	(0)	-	87	171	258
Lehman Brothers Financial Products Inc.("LBFP")	66	6	-	-	-	72	-	72
Merit LLC	-	-	-	25	-	25	-	25
Lehman Brothers Derivative Products Inc. ("LBDP")	3	(0)	-	-	-	3	-	3
Others	-	-	-	-	-	-	-	-
Total Other Debtors	**$ 318**	**$ 233**	**$ 603**	**$ 25**	**$ -**	**$ 1,179**	**$ 402**	**$ 1,581**

Notes:

(1) Estimated cash flows which occur in the years 2016 and thereafter (and related costs of operations) are presented in the "Beyond 2015" column at an assumed present value as of December 31, 2016.

(2) Includes actuals through June 30, 2012, as well as estimates which have not been forecasted as to timing.

Debtor-Controlled Entities
Cash Flow Summary - 2012 - 2015 and Beyond
($ in Millions)

Gross Receipts	2012	2013	2014	2015	Beyond 2015 (1)	Total
Commercial Real Estate	$ 284	$ 315	$ 262	$ 26	$ 4	$ 891
Loans (Corporate and Residential)	51	6	6	7	31	101
Private Equity/Principal Invest.	2,172	1,122	957	279	578	5,108
Derivatives	2	15	-	-	-	17
Other	68	20	-	21	-	109
Receipts, Subtotal	**2,577**	**1,478**	**1,225**	**333**	**613**	**6,226**
Non-Operating Disbursements						
Commercial Real Estate	(53)	(1)	(2)	-	(0)	(56)
Loans (Corporate and Residential)	-	-	-	-	-	-
Private Equity/Principal Invest.	(155)	(8)	(2)	-	-	(165)
Derivatives	-	-	-	-	-	-
Non-Operating Disbursements, Subtotal	**(208)**	**(9)**	**(4)**	**-**	**(0)**	**(221)**
Net Receipts	**2,369**	**1,469**	**1,222**	**333**	**613**	**6,005**
Operating Disbursements						
Professional Fees	(38)	(21)	(18)	(14)	(12)	(103)
Compensation & Benefits	(23)	(21)	(19)	(14)	(25)	(103)
Outsourced Services & IT Activities	(7)	(4)	(4)	(2)	(4)	(21)
Other Operating Disbursements	(7)	(5)	(4)	(3)	(5)	(24)
Operating Disbursements, Total	**(75)**	**(51)**	**(45)**	**(34)**	**(46)**	**(251)**
Subtotal, Cash From Operations	**$ 2,294**	**$ 1,418**	**$ 1,176**	**$ 299**	**$ 567**	**$ 5,755**
Recoveries from Non-Controlled Affiliates (2)	**155**	N/A	N/A	N/A	N/A	**1,306**
Total Cash From Operations						**$ 7,061**

Notes:

(1) Estimated cash flows which occur in the years 2016 and thereafter (and related costs of operations) are presented in the "Beyond 2015" column at an assumed present value as of December 31, 2016.

(2) 2012 amount represents actual through June 30, 2012. Total estimates have not been forecasted as to timing.

Reconciliation of December 31, 2011 Balance Sheets to the 2012+ Cash Flow Estimates

Included in this report is a schedule that reconciles the amounts reflected in the 2012+ Cash Flow Estimates to the 2011 Balance Sheets (filed April 27, 2012). Each of the reconciling items through the "Subtotal, Adjusted Balance Sheets" line, is presented on a discounted present-value basis and is part of the bridge to amounts presented in the 2012+ Cash Flow Estimates, which are presented on an undiscounted basis. Refer to additional disclosure herein and the Notes in the "Balance Sheets as of December 31, 2011" filing for further information.

LEHMAN BROTHERS HOLDINGS INC. and Other Debtors and Debtor-Controlled Entities
Reconciliation of the December 31, 2011 Balance Sheets ("Balance Sheets") to the 2012+ Cash Flow Estimates (Gross Receipts)
As of December 31, 2011
(Unaudited)

($ in millions)	Lehman Brothers Holdings Inc.	Lehman Commercial Paper Inc.	Lehman Brothers Special Financing Inc.	Other Debtors	Total Debtor Entities	Debtor-Controlled Entities	Total
Commercial Real Estate							
Amounts per Balance Sheets as of December 31, 2011	**$ 802**	**$ 3,761**	**$ -**	**$ 365**	**$ 4,927**	**$ 2,807**	**$ 7,734**
Less: Securitization Instruments per Balance Sheets (including allocated cash) (1)	(47)	(59)	-	-	(106)	-	(106)
Reclassify Residential Real Estate to Loans (Corporate and Residential)	(220)	(26)	-	-	(246)	(40)	(286)
Assets Presented at Beneficial Owner in 2012+ Cash Flow Estimates (2)							
LBHI and LCPI assets	906	851	-	(14)	1,743	(1,743)	-
SASCO and Other - Remove Underlying Assets	-	(1,731)	-	-	(1,731)	(389)	(2,119)
SASCO and Other - Reflect Interests at Beneficial Owner	1,144	975	-	-	2,119	-	2,119
Subtotal, Adjusted Balance Sheets	**2,585**	**3,772**	**-**	**351**	**6,707**	**635**	**7,342**
Adj. for Market, Economic, and Discount Factors (3)	658	2,247	-	350	3,256	196	3,452
Add Back:							
Cash Flows from Interest Income and Fees	42	130	-	-	172	5	177
Recovery Attributed to Underlying Inventory for Securitizations (4)	39	89	-	-	129	-	129
Future Non-Operating Disbursements Made to Preserve Assets (5)	564	2,881	-	-	3,445	56	3,501
Estimated Undiscounted Gross Receipts from Financial Instruments, per Cash Flow Estimates (6)	**$ 3,889**	**$ 9,119**	**$ -**	**$ 701**	**$ 13,709**	**$ 891**	**$ 14,600**
Loans (Corporate and Residential)							
Amounts per Balance Sheets as of December 31, 2011	**$ 323**	**$ 2,049**	**$ 13**	**$ -**	**$ 2,385**	**$ 218**	**$ 2,603**
Less: Securitization Instruments per Balance Sheets (including allocated cash) (1)	(309)	(96)	-	-	(405)	-	(405)
Reclassify Residential Real Estate to Loans (Corporate and Residential)	220	26	-	-	246	40	286
Assets Presented at Beneficial Owner in 2012+ Cash Flow Estimates (2)	118	87	-	-	205	(205)	-
Subtotal, Adjusted Balance Sheets	**352**	**2,066**	**13**	**-**	**2,431**	**53**	**2,484**
Adj. for Market, Economic, and Discount Factors (3)	14	136	(0)	-	150	16	165
Add Back:							
Cash Flows from Interest Income and Fees	29	75	1	-	104	33	137
Illiquid CDA Portfolio Cash Flows (Resi & Loans)	269	-	-	-	269	-	269
Recovery Attributed to Underlying Inventory for Securitizations (4)	267	64	-	-	332	-	332
Future Non-Operating Disbursements Made to Preserve Assets (5)	20	95	-	-	115	-	115
Estimated Undiscounted Gross Receipts from Financial Instruments, per Cash Flow Estimates (6)	**$ 952**	**$ 2,436**	**$ 13**	**$ -**	**$ 3,402**	**$ 101**	**$ 3,503**
Private Equity / Principal Investments ("PE / PI")							
Amounts per Balance Sheets as of December 31, 2011	**$ 1,214**	**$ 650**	**$ -**	**$ -**	**$ 1,864**	**$ 4,467**	**$ 6,332**
Less: Securitization Instruments per Balance Sheets (including allocated cash) (1)	(98)	(14)	-	-	(111)	-	(111)
Assets Presented at Beneficial Owner in 2012+ Cash Flow Estimates (2)	-	232	-	-	232	(232)	-
Reclassifications from "Other" on Balance Sheets	-	7	-	-	7	173	180
Subtotal, Adjusted Balance Sheets	**1,117**	**874**	**-**	**-**	**1,991**	**4,409**	**6,400**
Adj. for Market, Economic, and Discount Factors (3)	45	295	-	-	340	472	812
Add Back:							
Cash Flows from Interest Income, Fees, and Dividends	20	149	-	-	169	62	230
Recovery Attributed to Underlying Inventory for Securitizations (4)	92	20	-	-	112	-	112
Future Non-Operating Disbursements Made to Preserve Assets (5)	1	-	-	-	1	165	167
Estimated Undiscounted Gross Receipts from Financial Instruments, per Cash Flow Estimates (6)	**$ 1,275**	**$ 1,338**	**$ -**	**$ -**	**$ 2,613**	**$ 5,108**	**$ 7,721**
Derivatives							
Amounts per Balance Sheets as of December 31, 2011	**$ -**	**$ 40**	**$ 2,704**	**$ 452**	**$ 3,195**	**$ 402**	**$ 3,597**
Assets Presented at Beneficial Owner in 2012+ Cash Flow Estimates (2)							
1271 LLC	-	-	363	-	363	(363)	-
Woodlands assets	29	-	-	-	29	(29)	-
Less: Assets subject to secured liens (7)	-	-	(58)	-	(58)	-	(58)
Change in Recovery Estimates Post 12/31/11	(8)	3	14	61	71	6	77
Add Back:							
SPV Note Purchases Post-12/31/11 (5)	-	-	136	-	136	-	136
Reclassifications from "Other" on Balance Sheets (Margin Posted for Hedging)	-	-	284	2	286	-	286
Estimated Undiscounted Gross Receipts from Financial Instruments, per Cash Flow Estimates (6)	**$ 21**	**$ 43**	**$ 3,442**	**$ 514**	**$ 4,020**	**$ 17**	**$ 4,037**

LEHMAN BROTHERS HOLDINGS INC. and Other Debtors and Other Controlled Entities
Notes to Reconciliation of the Balance Sheets to the 2012+ Cash Flow Estimates (Gross Receipts)
As of December 31, 2011
(Unaudited)

(1) Represents amounts included on the Balance Sheets for underlying inventory related to Spruce and Verano securitizations (refer to Notes to December 31, 2011 Balance Sheets, filed April 27, 2012), including allocated cash of $20 million at the securitization Trustee in Spruce at LBHI (Loans) and $49 million at the securitization Trustee in Verano at LBHI (Loans). This allocated cash is included in "Other" in the 2012+ Cash Flow Estimates.

(2) Primarily includes transfer of assets as presented on the Balance Sheets to legal entity that has the beneficial interest in such assets, primarily including; (i) cases where a parent has a wholly-owned direct and indirect subsidiary (as in the case of PAMI Inc. as a subsidiary of LCPI, 1271 LLC as a subsidiary of LBSF, PAMI Holdings Inc. as a subsidiary of LBHI, or LB Bancorp Inc. (the beneficiary of Woodlands, and Aurora net of its obligations) as a subsidiary of LBHI, (ii) ownership interests in SASCO and allocation of interests in cash flows related to the Modified Settlement with respect to Variable Funding Trusts [Docket #19370], (iii) encumbered assets; as in the case of LB 1 Group assets in PE/PI for the benefit of LCPI, and Residential Real Estate assets at LBHI for the benefit of LCPI, and other.

(3) Adjustments to reconcile Gross Receipts as presented in the 2012+ Cash Flow Estimates to the Adjusted Balance Sheets, primarily resulting from assumptions for market and economic factors for certain investments and the discounting effect for future cash flows.

(4) Represents 2012+ Cash Flow Estimates for underlying inventory related to Verano and Spruce securitizations (refer to Notes to December 31, 2011 Balance Sheets, filed April 27, 2012). These amounts do not include any cash held by the trustees of the securitizations.

(5) Represents estimated cash disbursements over the wind-down period for capital calls, derivative hedges, and other investments made to preserve asset value.

(6) Represents estimated gross undiscounted 2012+ Cash Flow Estimates disclosed herein.

(7) Not presented in 2012+ Cash Flow Estimates.